

United States Bankruptcy Court  
Eastern District of Virginia  
Richmond Division  
701 East Broad Street  
Richmond, VA 23219

Case Number 10-30161-DOT  
Chapter 7  
Adversary Proceeding Number 13-03152-DOT  
Judge Douglas O. Tice Jr.

In re: Thomas Alan Minor and Renee Scott Minor

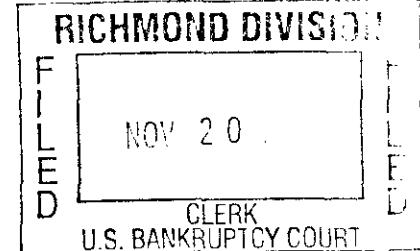
Thomas Alan Minor

Plaintiff(s)

v.

Eloise K. Hahn et. al.

Defendant(s)



Second Memorandum In Support of Motion to Dismiss Adversary Complaint  
filed by Thomas Alan Minor filed by Eloise K. Hahn (Baumgartner, Cindy)  
and/or in the Alternative Judgment on the Pleadings

An examination of Plaintiff's exhibit revealed that Defendant  
inquired whether Plaintiff had listed Defendant as a creditor. The reason for  
this inquiry was that failure to notify (Hahn) would not discharge the debt  
if the claim was for fraud. 11 U.S.C. 523(A)(3) In re Geris, 240 B.R. 228  
(W.D. VA 1999). Defendant Hahn objects to the discharge of debt  
in the amount of \$250,000 from Minor based on fraud and affirmatively  
states as follows:

1. Minor purchased two lots, namely Lots 11 and 12, in Block Number 2, Jacaman Ranch Subdivision, Unit 8, City of Laredo, Texas, Webb County, commonly known as 6427 Polaris Drive and 2311 Saturn Drive on May 29, 2007, from Win Par Hospitality Laredo LLC (LLC). A title search for these two lots is hereto attached in Exhibits A and B.
2. That the sales price was not shown on the title search records since the sales price was not disclosed to the county at the time of purchase.
3. That the accounting records of Win Par Hospitality Laredo LLC document both Parson and Minor purchasing the two lots from the LLC on September 30, 2007 for \$328,000, a copy of which is hereto attached in Exhibit C.
4. That the accounting records of Win Par Hospitality Laredo LLC (LLC) further document Parson using \$149,003.22 of Hahn's capital to pay off the mortgage note for Lots 11 and 12 with Laredo National Bank on September 30, 2007.
5. That Lots 11 and 12 were purchased by the LLC on December 14, 2005, a copy of the settlement transaction is hereto attached in Exhibit D.
6. That a lien note from Laredo National Bank was issued to the LLC at the time of purchase for Lots 11 and 12 in the amount of \$328,000. A copy of the lien note is hereto attached in Exhibit E.
7. That the warranty deeds conveyed to Minor on May 29, 2007,

for Lots 11 and 12 were free and clear of any liens and encumbrances once Hahn's capital was used to pay off the remaining balance of the mortgage note with Laredo National Bank for \$328,000. Essentially, the LLC's bank account with Laredo National Bank was closed after Minor and Parson purchased the LLC's business property, being Lots 11 and 12.

8. That Minor purchased a third lot adjacent to Lots 11 and 12 namely Lot 13 commonly known as 6428 Sinatra Parkway, Laredo, Texas, Webb County on May 31, 2007 from the selling parties Francisco Jr & Laura Pruneda in the amount of \$988,190. At the time of purchase Minor financed the property with a one year mortgage note from Laredo National Bank in the amount of \$743,000. A copy of the title search for lot 13 is hereto attached in Exhibit F.

9. That Minor may have used as collateral, Lots 11 and 12s' equity for the purchase of Lot 13 in the amount of \$248,000.

10. That Hahn entered into a settlement agreement with Minor and Parson in April of 2008, specifically they would list the three lots for sale at \$1,300,000. A copy of the settlement and listing agreement are hereto attached in Exhibit G.

11. That the listing agent was instructed to remove the three lots from her listing prior to its expiration date of August 28, 2008.

12. That Minor and Parson negotiated with other institutional lenders three mortgage modification agreements, each in the amount of \$743,000. A title search for Lots 11, 12, and 13 have recorded these notes on

August 1, 2008. Further, title searches for Lots 11 and 12 do not record a mortgage agreement prior to August 1, 2008.

13. That the three lots, namely Lots 11, 12, and 13 were sold to Compass Bank on February 3, 2009, each in the amount of \$802,156 or a total sales transaction amount of \$2,406,468.

14. That the sale transaction date of February 3, 2009, occurred about 6 months from the time the mortgage modification agreements were recorded, being August 1, 2008.

15. That title searches for all three lots document NO foreclosure activity .

16. That Minor's email to Hahn on March 5, 2008, states an interest rate of 8.5% for the debt service prior to August 1, 2008. Additionally, Minor advised Hahn that the bank would extend financing for the lots since he knew Minor was trying to sell or develop the lots. Further, Minor advised Hahn that the bank had the deed and that he did not want to ask for it and start a bunch of questions. Apparently, the bank was satisfied with Minor's focus on projects closer to home and that he wanted to leave it that way. A copy of the email is hereto attached in Exhibit H.

17. That apparently Minor and Parson sold the three lots to Compass Bank for \$2,406,468 on February 3, 2009, through the bank's intermediary, namely Claudia L. Garcia.

18. That Minor and Parson have failed to pay Hahn to date, her \$250,000 capital contribution, as outlined in the attached promissary

note, a copy of which is hereto attached in Exhibit I.

19. That Parson has not filed a bankruptcy proceeding to date in Brevard county.

20. That Minor's chapter 7 bankruptcy proceeding in Richmond, VA has not disclosed the debt to Hahn in the amount of \$250,000, nor has Minor disclosed his prior partnership interest with Win Par Hospitality LLC, pursuant to sections 523 and 524 of the bankruptcy code.

21. That Hahn's additional capital contribution in excess of \$71,000 was used by Parson to pay off the LLC's payable notes, including his his own note, as evidenced in the LLC's accounting records for 2008, a copy of which is hereto attached in Exhibit J.

22. That Parson dissolved the LLC after his execution of the promissary note with Minor on September 17, 2009.

23. That Hahn alleges Minor and Parson both receiving over a million dollars from the sale of the three lots on February 3, 2009, specifically Lots 11 and 12 were free from any liens or encumbrances prior to the refinancing of the lots on August 1, 2008, and essentially the two lots had an equity line of credit of \$743,000 each or a total equity line of credit of \$1,486,000.

Wherefore Hahn objects to the discharge of debt to Hahn in the amount of \$250,000 due to fraud. Wherefore Defendant Hahn demands judgment of the pleadings and collection for damages and attorney fees and/or dismissal.

Respectfully submitted,

*Eloise K. Hahn*

Eloise K. Hahn  
313 East 1300 North  
Chesterton, IN 46304  
eloisehahn349@gmail.com

I HEREBY CERTIFY that a true and correct copy of the foregoing has  
been sent via ~~Priority~~<sup>U.P.S.</sup> U.S. Mail to Howard Sverbilow, Esquire, 190 Fortenberry  
Road, Suite 107, Merritt Island, Florida 32952-3401, Jason M. Krumbein,  
Esquire, 5310 Market Road, Suite 102, Richmond, VA, 23230, Cindy  
Baumgartner, Deputy Clerk of the Court, U.S. Bankruptcy Court,  
701 E. Broad St., Suite 4000, Richmond, VA 23219, Alan T. Minor,  
11603 Hardwood Drive, Midlothian, Virginia 23114, and Roy Terry,  
Esquire, Sands Anderson, P.O. Box 1998, Richmond, VA 23218-1998,  
on November 16, 2013

*Eloise K. Hahn*

November 16, 2013

Eloise K. Hahn  
Manager, Burke Financial LLC  
Member of Win Par Hospitality LLC  
313 East 1300 North  
Chesterton, IN 46304

**EXHIBIT A**

**Property Detail Report**

For Property Located At :  
**6427 POLARIS DR, LAREDO, TX 78041**

**Owner Information**

Owner Name: **NORTHPOINT PARK LTD**  
 Mailing Address: **517 SHILOH DR #1, LAREDO TX 78045-6722 C076**  
 Vesting Codes: **// CO**

**Location Information**

Legal Description: **JACAMAN RANCH, BLOCK 2, LOT 11, UNIT 8**  
 County: **WEBB, TX** APN: **947-46002-110**  
 Census Tract / Block: **16.02 / 2** Alternate APN: **319083**  
 Township-Range-Sect:  Subdivision: **JACAMAN RANCH**  
 Legal Book/Page:  Map Reference: **/**  
 Legal Lot: **11** Tract #:   
 Legal Block: **2** School District: **S7**  
 Market Area:  School District Name: **UNITED ISD**  
 Neighbor Code: **CD94** Munic/Township: **LAREDO**

**Owner Transfer Information**

Recording/Sale Date: **/** Deed Type:   
 Sale Price:  1st Mtg Document #:

Document #:

**Last Market Sale Information**

Recording/Sale Date: **03/14/2011 / 03/10/2011** 1st Mtg Amount/Type: **\$479,750 / CONV**  
 Sale Price: **\$599,687** 1st Mtg Int. Rate/Type: **/**  
 Sale Type: **ESTIMATED** 1st Mtg Document #: **3061-681**  
 Document #: **3061-676** 2nd Mtg Amount/Type: **/**  
 Deed Type: **SPECIAL WARRANTY DEED** 2nd Mtg Int. Rate/Type: **/**  
 Transfer Document #:  Price Per SqFt:   
 New Construction:  Multi/Split Sale: **MULTI**

Title Company: **NEEL TITLE CORP**

Lender: **FALCON INTL BK**  
 Seller Name: **COMPASS BK**

**Prior Sale Information**

Prior Rec/Sale Date: **06/04/2007 / 05/29/2007** Prior Lender: **/**  
 Prior Sale Price:  Prior 1st Mtg Amt/Type: **/**  
 Prior Doc Number: **2370-115** Prior 1st Mtg Rate/Type: **/**  
 Prior Deed Type: **WARRANTY DEED**

**Property Characteristics**

Year Built / Eff	<b>/</b>	Total Rooms/Offices	Garage Area:
Gross Area:		Total Restrooms:	Garage Capacity:
Building Area:		Roof Type:	Parking Spaces:
Tot Adj Area:		Roof Material:	Heat Type:
Above Grade:		Construction:	Air Cond:
# of Stories:		Foundation:	Pool:
Other Improvements:		Exterior wall:	Quality:
		Basement Area:	Condition:

**Site Information**

Zoning:	B-4	Acres:	0.67	County Use:
Lot Area:	29,185	Lot Width/Depth:	x	State Use: VACNT-PLATTED- LOT-COMM (C2)
Land Use:	COMMERCIAL LOT	Commercial Units:		Water Type:
Site Influence:		Sewer Type:		Building Class:
Tax Information				
Total Value:	\$131,330	Assessed Year:	2013	Property Tax: \$3,277.27
Land Value:	\$131,330	Improved %:		Tax Area: G3
Improvement Value:		Tax Year:	2013	Tax Exemption:
Total Taxable Value:				

Street Map  
Plus Report  
For Property  
Located At



**U.S. TITLE RECORDS**  
PROPERTY & TITLE INFORMATION

**6427 POLARIS DR, LAREDO, TX 78041**

[View Interactive Map](#)

Transaction  
History Report  
For Property  
Located At



**U.S. TITLE RECORDS**  
PROPERTY & TITLE INFORMATION

**6427 POLARIS DR, LAREDO, TX 78041**

#### TRANSACTION HISTORY

History Record #: 1

##### *Sale:*

Sale Recording Date:	03/14/2011	Sale Price:	\$599,688
Sale Date:	03/10/2011	Sale Price Type:	ESTIMATED
Rec. Document #:	3061-676	Multi/Split Sale:	MULTI
Document Type:	SPECIAL WARRANTY DEED	Other Document #:	

Title Company:	NEEL TITLE CORP
Buyer:	NORTHPOINT PARK LTD
Seller:	COMPASS BK

##### *Finance:*

Mtg Recording Date:	03/14/2011	Mtg Loan Type:	CONV
Mtg Document #:	3061-681	Mtg Rate Type:	
Document Type:	DEED OF TRUST	Mtg Term:	15 YEARS
Lender:	FALCON INTL BK	Mtg Rate:	
Loan Amount:	\$479,750	Borrower Vesting:	// CO
Borrower 1:	NORTHPOINT PARK LTD		

Borrower 2:	
Borrower 3:	
Borrower 4:	

History Record #: 2

***Sale:***

Sale Recording Date:	<b>03/09/2009</b>	Sale Price:	<b>\$802,156</b>
Sale Date:	<b>02/03/2009</b>	Sale Price Type:	
Rec. Document #:	<b>2723-659</b>	Multi/Split Sale:	<b>MULTI</b>
Document Type:	<b>TRUSTEE'S DEED</b>	Other Document #:	
Title Company:	<b>ATTORNEY ONLY</b>		
Buyer:	<b>COMPASS BK</b>		
Seller:	<b>GARCIA CLAUDIA L</b>		

History Record #: **3*****Finance:***

Mtg Recording Date:	<b>08/01/2008</b>	Mtg Loan Type:	
Mtg Document #:	<b>2626-32</b>	Mtg Rate Type:	
	<b>MORTGAGE</b>		
Document Type:	<b>MODIFICATION</b>	Mtg Term:	<b>1 YEARS</b>
	<b>AGREEMNT</b>		
	<b>* OTHER</b>		
Lender:	<b>INSTITUTIONAL</b>	Mtg Rate:	
	<b>LENDERS</b>		
Loan Amount:	<b>\$743,000</b>	Borrower Vesting:	<b>//</b>
Borrower 1:	<b>MINOR THOMAS</b>	Orig. Recording	
	<b>A</b>	Date:	
Borrower 2:	<b>PARSONS</b>	Orig. Document #:	
	<b>WILLIAM R</b>		
Borrower 3:			
Borrower 4:			

History Record #: **4*****Sale:***

Sale Recording Date:	<b>06/04/2007</b>	Sale Price:	
Sale Date:	<b>05/29/2007</b>	Sale Price Type:	
Rec. Document #:	<b>2370-115</b>	Multi/Split Sale:	<b>MULTIPLE</b>
Document Type:	<b>WARRANTY DEED</b>	Other Document #:	
Title Company:			
Buyer:	<b>MINOR THOMAS A</b>		
Seller:	<b>WINPAR HOSPITALITY LAREDO LLC</b>		

**EXHIBIT B**

## Property Detail Report

For Property Located At :  
2311 SATURN DR, LAREDO, TX 78041



### Owner Information

Owner Name: NORTHPOINT PARK LTD  
Mailing Address: 517 SHILOH DR #1, LAREDO TX 78045-6722 C076  
Vesting Codes: //CO

### Location Information

Legal Description: JACAMAN RANCH, BLOCK 2, LOT 12, UNIT 8

County:	WEBB, TX	APN:	947-46002-120
Census Tract / Block:	16.02 / 2	Alternate APN:	319084
Township-Range-Sect:		Subdivision:	JACAMAN RANCH
Legal Book/Page:		Map Reference:	/
Legal Lot:	12	Tract #:	
Legal Block:	2	School District:	S7
Market Area:		School District Name:	UNITED ISD
Neighbor Code:	CD94	Munic/Township:	LAREDO

### Owner Transfer Information

Recording/Sale Date: / Deed Type:  
Sale Price: 1st Mtg Document #:

Document #:

### Last Market Sale Information

Recording/Sale Date:	03/14/2011 / 03/10/2011	1st Mtg Amount/Type:	\$479,750 / CONV
Sale Price:	\$599,687	1st Mtg Int. Rate/Type:	/
Sale Type:	ESTIMATED	1st Mtg Document #:	3061-681
Document #:	3061-676	2nd Mtg Amount/Type:	/
Deed Type:	SPECIAL WARRANTY DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	MULTI

Title Company: NEEL TITLE CORP  
Lender: FALCON INTL BK  
Seller Name: COMPASS BK

### Prior Sale Information

Prior Rec/Sale Date:	06/04/2007 / 05/29/2007	Prior Lender:	
Prior Sale Price:		Prior 1st Mtg Amt/Type:	/
Prior Doc Number:	2370-115	Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	WARRANTY DEED		

### Property Characteristics

Year Built / Eff:	/	Total Rooms/Offices	Garage Area:
Gross Area:		Total Restrooms:	Garage Capacity:
Building Area:		Roof Type:	Parking Spaces:
Tot Adj Area:		Roof Material:	Heat Type:
Above Grade:		Construction:	Air Cond:
# of Stories:		Foundation:	Pool:
Other Improvements:		Exterior wall:	Quality:
		Basement Area:	Condition:

### Site Information

Zoning:	B-4	Acres:	0.78	County Use:	
Lot Area:	33,977	Lot Width/Depth:	x	State Use:	VACNT-PLATTED-LOT-COMM (C2)
Land Use:	COMMERCIAL LOT	Commercial Units:		Water Type:	
Site Influence:		Sewer Type:		Building Class:	
Tax Information					
Total Value:	\$152,900	Assessed Year:	2013	Property Tax:	\$3,815.53
Land Value:	\$152,900	Improved %:		Tax Area:	G3
Improvement Value:		Tax Year:	2013	Tax Exemption:	
Total Taxable Value:					

Transaction  
History Report  
For Property  
Located At



## U.S. TITLE RECORDS

PROPERTY & TITLE INFORMATION

2311 SATURN DR, LAREDO, TX 78041

### TRANSACTION HISTORY

History Record #: 1

**Sale:**

Sale Recording Date:	03/14/2011	Sale Price:	\$599,688
Sale Date:	03/10/2011	Sale Price Type:	ESTIMATED
Rec. Document #:	3061-676	Multi/Split Sale:	MULTI
Document Type:	SPECIAL WARRANTY DEED	Other Document #:	
Title Company:	NEEL TITLE CORP		
Buyer:	NORTHPOINT PARK LTD		
Seller:	COMPASS BK		

**Finance:**

Mtg Recording Date:	03/14/2011	Mtg Loan Type:	CONV
Mtg Document #:	3061-681	Mtg Rate Type:	
Document Type:	DEED OF TRUST	Mtg Term:	15 YEARS

Lender:	FALCON INTL BK	Mtg Rate:	
Loan Amount:	\$479,750	Borrower Vesting:	// CO
Borrower 1:	NORTHPOINT PARK LTD		

Borrower 2:

Borrower 3:

Borrower 4:

History Record #: 2

**Sale:**

Sale Recording Date:	03/09/2009	Sale Price:	\$802,156
Sale Date:	02/03/2009	Sale Price Type:	
Rec. Document #:	2723-659	Multi/Split Sale:	MULTI
Document Type:	TRUSTEE'S DEED	Other Document #:	
Title Company:	ATTORNEY ONLY		
Buyer:	COMPASS BK		

Seller: **GARCIA CLAUDIA L**

History Record #: **3**

***Finance:***

Mtg Recording **08/01/2008** Mtg Loan Type:  
Date:  
Mtg Document #: **2626-32** Mtg Rate Type:  
**MORTGAGE**  
Document Type: **MODIFICATION** Mtg Term: **1 YEARS**  
**AGREEMNT**  
**\* OTHER**  
Lender: **INSTITUTIONAL** Mtg Rate:  
**LENDERS**  
Loan Amount: **\$743,000** Borrower Vesting: **//**  
Borrower 1: **MINOR THOMAS** Orig. Recording  
**A** Date:  
Borrower 2: **PARSONS** Orig. Document #:  
**WILLIAM R**  
Borrower 3:  
Borrower 4:

History Record #: **4**

***Sale:***

Sale Recording **06/04/2007** Sale Price:  
Date:  
Sale Date: **05/29/2007** Sale Price Type:  
Rec. Document #: **2370-115** Multi/Split Sale: **MULTI**  
Document Type: **WARRANTY DEED** Other Document #:  
Title Company:  
Buyer: **MINOR THOMAS A**  
Seller: **WINPAR HOSPITALITY LAREDO LLC**

**EXHIBIT C**

## General Ledger Report

Period End Range: 1/31/2007 Through 12/31/2007

Account

Jrnl Batch No.

Type Document No.

Description

Jnl Ap/ Date

Sys IntCo

Subsid

00-2650 - Notes Payable-JBC LAND LOAN

Open Balance:

A

4/30/2006

Posted Starting Balance: NET

-328,000.00

BB-00000000000022 A 0930

SOLD LAND TO BP/AT

BB 9/30/2007

4

328,000.00

Account Total: NET 0.00

328,000.00 328,000.00

00-2675 - NOTES PAYABLE-ATM

Open Balance:

Posted Starting Balance: NET

0.00

Posted  
BB-00000000000019 A 010107  
BB-00000000000020 A 0227  
BB-00000000000020 A 0316WPLAR OWES ATM  
WPLAR OWES ATM  
WPLAR PAID ATMBB 1/1/2007  
BB 2/27/2007  
BB 3/16/2007

4 4 4

16,000.00  
7,500.00  
10,000.00

Account Total: NET -13,500.00

10,000.00 23,500.00

00-2690 - Notes Payable-ADG

Open Balance:

Posted Starting Balance: NET

0.00

Posted  
BB-00000000000020 A 0222  
BB-00000000000020 A 0419WP LAR OWES ADG  
WIRE TRANSFER TO ADGBB 2/22/2007  
BB 4/19/2007

4 4

10,000.00  
20,000.00

## General Ledger Report

Period End Range: 1/31/2007 Through 12/31/2007

## Account

## Jnl Batch No.

## Type Document No.

## Description

## Jnl Apl Date

## Sys IntCo

## Subsid

00-2650 - Notes Payable-IBC LAND LOAN

Open Balance:

A

4/30/2006

Posted Starting Balance:

NET

-328,000.00

.60

BB-0000000000022 A 0930

SOLD LAND TO BPAT

BB 9/30/2007

4

0.00

Account Total:

NET

328,000.00

328,000.00

328,000.00

0.00

328,000.00

0.00

26,000.00

00-2675 - NOTES PAYABLE-ATM

Open Balance:

Posted Starting Balance:

NET

0.00

Posted Starting Balance:

NET

0.00

BB-0000000000019 A 010107  
BB-0000000000020 A 0227  
BB-0000000000020 A 0316WPLAR OWES ATM  
WPLAR OWES ATM  
WPLAR PAID ATMBB 1/1/2007  
BB 2/27/2007  
BB 3/16/20074  
4  
416,000.00  
7,500.00

10,000.00

10,000.00

23,500.00

00-2690 - Notes Payable-ADG

Open Balance:

Posted Starting Balance:

NET

0.00

7  
WPLAR OWES ADG  
WIRE TRANSFER TO ADGBB 2/22/2007  
BB 4/19/20074  
40.00  
0.00

0.00

0.00

0.00

Posted  
BB-0000000000020 A 0222  
BB-0000000000020 A 0419WPLAR OWES ADG  
WIRE TRANSFER TO ADGBB 2/22/2007  
BB 4/19/20074  
410,000.00  
20,000.00

**EXHIBIT D**

**EXHIBIT E**

## Property Detail Report

For Property Located At :  
**6428 SINATRA PKWY, LAREDO, TX 78041**



### Owner Information

Owner Name: **NORTHPOINT PARK LTD**  
Mailing Address: **517 SHILOH DR #1, LAREDO TX 78045-6722 C076**  
Vesting Codes: **// CO**

### Location Information

Legal Description: **JACAMAN RANCH, BLOCK 2, LOT 13, UNIT 8**

County:	<b>WEBB, TX</b>	APN:	<b>947-46002-130</b>
Census Tract / Block:	<b>16.02 / 2</b>	Alternate APN:	<b>319085</b>
Township-Range-Sect:		Subdivision:	<b>JACAMAN RANCH</b>
Legal Book/Page:		Map Reference:	<b>/</b>
Legal Lot:	<b>13</b>	Tract #:	
Legal Block:	<b>2</b>	School District:	<b>S7</b>
Market Area:		School District Name:	<b>UNITED ISD</b>
Neighbor Code:	<b>CD94</b>	Munic/Township:	<b>LAREDO</b>

### Owner Transfer Information

Recording/Sale Date: **/** Deed Type:   
Sale Price:  1st Mtg Document #:

Document #:

### Last Market Sale Information

Recording/Sale Date:	<b>03/14/2011 / 03/10/2011</b>	1st Mtg Amount/Type:	<b>\$479,750 / CONV</b>
Sale Price:	<b>\$599,687</b>	1st Mtg Int. Rate/Type:	<b>/</b>
Sale Type:	<b>ESTIMATED</b>	1st Mtg Document #:	<b>3061-681</b>
Document #:	<b>3061-676</b>	2nd Mtg Amount/Type:	<b>/</b>
Deed Type:	<b>SPECIAL WARRANTY DEED</b>	2nd Mtg Int. Rate/Type:	<b>/</b>
Transfer Document #:		Price Per SqFt:	

New Construction: **MULTIPLE**

Title Company: **NEEL TITLE CORP**  
Lender: **FALCON INTL BK**  
Seller Name: **COMPASS BK**

### Prior Sale Information

Prior Rec/Sale Date:	<b>06/04/2007 / 05/31/2007</b>	Prior Lender:	<b>LAREDO NATL BK</b>
Prior Sale Price:	<b>\$988,190</b>	Prior 1st Mtg Amt/Type:	<b>\$743,000 /</b>
Prior Doc Number:	<b>2370-118</b>	Prior 1st Mtg Rate/Type:	<b>/</b>
Prior Deed Type:	<b>WARRANTY DEED</b>		

### Property Characteristics

Year Built / Eff:	<b>/</b>	Total Rooms/Offices:	<b>Garage Area:</b>
Gross Area:		Total Restrooms:	<b>Garage Capacity:</b>
Building Area:		Roof Type:	<b>Parking Spaces:</b>
Tot Adj Area:		Roof Material:	<b>Heat Type:</b>
Above Grade:		Construction:	<b>Air Cond:</b>
# of Stories:		Foundation:	<b>Pool:</b>
Other Improvements:		Exterior wall:	<b>Quality:</b>
		Basement Area:	<b>Condition:</b>

### Site Information

Zoning:	B-4	Acres:	0.79	County Use:	VACNT-PLATTED-
Lot Area:	34,412	Lot Width/Depth:	x	State Use:	LOT-COMM (C2)
Land Use:	COMMERCIAL LOT	Commercial Units:		Water Type:	
Site Influence:		Sewer Type:		Building Class:	
Tax Information					
Total Value:	\$184,110	Assessed Year:	2013	Property Tax:	\$4,594.37
Land Value:	\$184,110	Improved %:		Tax Area:	G3
Improvement Value:		Tax Year:	2013	Tax Exemption:	
Total Taxable Value:					

**Street Map  
Plus Report**  
For Property  
Located At



**U.S. TITLE RECORDS**  
PROPERTY & TITLE INFORMATION

**6428 SINATRA PKWY, LAREDO, TX 78041**

[View Interactive Map](#)

**Transaction  
History Report**  
For Property  
Located At



**U.S. TITLE RECORDS**  
PROPERTY & TITLE INFORMATION

**6428 SINATRA PKWY, LAREDO, TX 78041**

#### TRANSACTION HISTORY

History Record #: 1

*Sale:*

Sale Recording Date:	<b>03/14/2011</b>	Sale Price:	<b>\$599,688</b>
Sale Date:	<b>03/10/2011</b>	Sale Price Type:	<b>ESTIMATED</b>
Rec. Document #:	<b>3061-676</b>	Multi/Split Sale:	<b>MULTIPLE</b>
Document Type:	<b>SPECIAL WARRANTY DEED</b>	Other Document #:	

Title Company:	<b>NEEL TITLE CORP</b>
Buyer:	<b>NORTHPOINT PARK LTD</b>
Seller:	<b>COMPASS BK</b>

*Finance:*

Mtg Recording Date:	<b>03/14/2011</b>	Mtg Loan Type:	<b>CONV</b>
Mtg Document #:	<b>3061-681</b>	Mtg Rate Type:	
Document Type:	<b>DEED OF TRUST</b>	Mtg Term:	<b>15 YEARS</b>
Lender:	<b>FALCON INTL BK</b>	Mtg Rate:	
Loan Amount:	<b>\$479,750</b>	Borrower Vesting:	<b>// CO</b>
Borrower 1:	<b>NORTHPOINT PARK LTD</b>		
Borrower 2:			
Borrower 3:			
Borrower 4:			

History Record #: 2

**Sale:**

Sale Recording Date:	<b>03/09/2009</b>	Sale Price:	<b>\$802,156</b>
Sale Date:	<b>02/03/2009</b>	Sale Price Type:	
Rec. Document #:	<b>2723-659</b>	Multi/Split Sale:	<b>&lt;/TD&gt; MULTIPLE</b>
Document Type:	<b>TRUSTEE'S DEED</b>		
Title Company:	<b>ATTORNEY ONLY</b>		
Buyer:	<b>COMPASS BK</b>		
Seller:	<b>GARCIA CLAUDIA L</b>		

History Record #: **3****Finance:**

Mtg Recording Date:	<b>08/01/2008</b>	Mtg Loan Type:	
Mtg Document #:	<b>2626-32</b>	Mtg Rate Type:	
	<b>MORTGAGE</b>		
Document Type:	<b>MODIFICATION AGREEMNT</b>	Mtg Term:	<b>1 YEARS</b>
	<b>* OTHER</b>		
Lender:	<b>INSTITUTIONAL LENDERS</b>		
Loan Amount:	<b>\$743,000</b>	Borrower Vesting:	<b>//</b>
Borrower 1:	<b>MINOR THOMAS</b> Orig. Recording		
	<b>A</b>	Date:	
Borrower 2:	<b>PARSONS WILLIAM R</b>		
Borrower 3:			
Borrower 4:			

History Record #: **4****Sale:**

Sale Recording Date:	<b>06/04/2007</b>	Sale Price:	<b>\$988,190</b>
Sale Date:	<b>05/31/2007</b>	Sale Price Type:	<b>ESTIMATED</b>
Rec. Document #:	<b>2370-118</b>	Multi/Split Sale:	
Document Type:	<b>WARRANTY DEED</b>	Other Document #:	
Title Company:			
Buyer:	<b>MINOR TOMAS A</b>		
Seller:	<b>PRUNEDA FRANCISCO JR &amp; LAURA</b>		

**Finance:**

Mtg Recording Date:	<b>06/04/2007</b>	Mtg Loan Type:	
Mtg Document #:	<b>2370-122</b>	Mtg Rate Type:	
Document Type:	<b>DEED OF TRUST</b>	Mtg Term:	<b>1 YEARS</b>
Lender:	<b>LAREDO NAT'L BK</b>		
Loan Amount:	<b>\$743,000</b>	Mtg Rate:	
Borrower 1:	<b>MINOR TOMAS A</b>		
Borrower 2:	<b>PARSONS WILLIAM R</b>		
Borrower 3:			
Borrower 4:			

**EXHIBIT F**

**EXHIBIT G**

U

IN THE CIRCUIT CIVIL COURT OF  
THE 18<sup>TH</sup> JUDICIAL CIRCUIT IN AND  
FOR BREVARD COUNTY, FLORIDA

ELOISE K. HAHN dba  
Burke Financial, LLC,

Case No.: 05-2007-CA-69527-XXXX-XX

Plaintiff,

v.

WILLIAM R. PARSONS dba  
WinPar Hospitality, LLLP,

Defendant.

---

STIPULATION OF SETTLEMENT

COME NOW Plaintiff and Defendant and stipulate and agree as follows:

1. All Parties hereto have reached an amicable resolution of this cause.
2. The proper parties to this cause are Burke Financial, LLC, an Illinois limited liability company and WinPar Hospitality Laredo, LLC, a Florida limited liability company.
3. Plaintiff Eloise K. Hahn has no cause of action against, and no liability attaches to, Defendant William R. Parsons, or any other member of WinPar Hospitality Laredo, LLC, a Florida limited liability company and this Stipulation of Settlement shall be deemed a General Release in favor of the signatories hereto and entities which they represent, other than her, individually and Burke Financial, LLC.
4. Not later than April 16, 2008, the real property described in Exhibit A, attached hereto and made a part hereof by reference, located within the State of Texas shall be listed for a total sale amount of \$1,300,000.00. The entity known as Lula Morales Realty, Inc., whose business address is 5615 San Dario, Suite 101, Laredo, TX 78041, shall be designated as Seller's Real Estate Agent.
5. From the proceeds of sale of the real property described in Exhibit A hereto, there shall first be paid funds sufficient to satisfy all liens, mortgages, taxes, encumbrances and commissions appertaining thereto. From the remaining (net) proceeds of sale, WinPar Hospitality Laredo, LLC, shall pay Burke Financial, LLC, Two-Hundred Fifty Thousand Dollars (\$250,000.00) and its proportional share of 18.2% of all sums in excess of said amount.
6. This cause is hereby dismissed with prejudice

7. The parties hereto represent that they have full authority to bind themselves and the entities designated as part of the signature blocks hereto.

8. This Stipulation of Settlement may be executed in counterparts and facsimiles, each of which shall be considered an original.

Dated: April 3, 2008

Eloise K. Hahn

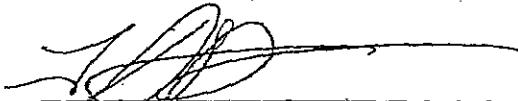
Eloise K. Hahn, individually, as Plaintiff and as Managing Member of Burke Financial, LLC

Dated: April 8<sup>th</sup> 2008

William R. Parsons

William R. Parsons, individually, as Defendant, and as General Partner of WinPar Hospitality, LLLP, Managing Member of WinPar Hospitality Laredo, LLC

Dated: 4-11-08



T. Alan Minor, individually and as Member, WinPar Hospitality Laredo, LLC

IN THE CIRCUIT CIVIL COURT OF  
THE 18<sup>TH</sup> JUDICIAL CIRCUIT IN AND  
FOR BREVARD COUNTY, FLORIDA

**ELOISE K. HAHN** dba  
Burke Financial, LLC,

Case No.: 05-2007-CA-69527-XXXX-XX

Plaintiff,

v.

**WILLIAM R. PARSONS** dba  
WinPar Hospitality, LLLP,

Defendant.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Stipulation of Settlement attached hereto has been provided to **Eloise K. Hahn**, Plaintiff, 1631 S. Clarence Ave., Suite 2, Berwyn, IL 60402, by U.S. Mail, this 17th day of April, 2008.

HOWZE, MONAGHAN & THERIAC, PLC  
Attorneys for Defendant

By: 

**J. Wesley Howze, Esq.**  
Florida Bar No.: 0181300  
96 Willard Street, Suite 302  
Cocoa, FL 32922  
(321) 639-1320

*lulaemorales@aol.com*



TEXAS ASSOCIATION OF REALTORS®

**COMMERCIAL REAL ESTATE LISTING AGREEMENT  
EXCLUSIVE RIGHT TO SELL**

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED.  
©Texas Association of REALTORS®, Inc. 2005

**1. PARTIES:** The parties to this agreement (this Listing) are:

Seller: WINPAR HOSPITALITY LAREDO, LLC

Address: P.O. BOX 32154  
City, State, Zip: COCOA BEACH, FL 32932  
Phone: 804-423-6412/866-562-2147 Fax: 866-331-3568  
E-Mail: DCMMTG@CS.COM

Broker: LULA MORALES REALTY, INC.  
Address: 5615 SAN DARIO SUITE 101  
City, State, Zip: LAREDO TX 78041  
Phone: 724-9094 Fax: 724-2084  
E-Mail: LULAEEMORALES@AOL.COM

Seller appoints Broker as Seller's sole and exclusive real estate agent and grants to Broker the exclusive right to sell the Property.

**2. PROPERTY:**

A. "Property" means the following real property in Texas:

Address: 2311 SATURN/6427 POLARIS 6428 SINATRA PARKWAY  
City: LAREDO County: WEBB Zip: 78041  
Legal Description (Identify exhibit if described on attachment):

LOT 11 BLOCK 2 JACAMAN RANCH UNIT 8 (6427 POLARIS DR)

LOT 12 BLOCK 2 JACAMAN RANCH UNIT 8 (2311 SATURN DR.)

LOT 13 BLOCK 2 JACAMAN RANCH UNIT 8 (6428 SINATRA PARKWAY)

B. Except as otherwise provided in this Listing, Broker is to market the Property together with:

- (1) all buildings, improvements, and fixtures;
- (2) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
- (3) Seller's interest in all leases, rents, and security deposits for all or part of the Property;
- (4) Seller's interest in all licenses and permits related to the Property;
- (5) Seller's interest in all third party warranties or guaranties, if transferable, relating to the Property or any fixtures;
- (6) Seller's interest in any trade names, if transferable, used in connection with the Property; and
- (7) all Seller's tangible personal property located on the Property that is used in connection with the Property's operations except: N/A

*(Describe any exceptions, reservations, or restrictions in Special Provisions or an addendum. If the Property is a condominium, attach Condominium Addendum.)*

(TAR-1301) 1-23-06 Initiated for Identification by Broker/Associate WP and Seller WP, TAM Page 1 of 9

Commercial Listing concerning 6427 POLARIS/2311 SATURN/6428 SINATRA PARKWAY

**3. LISTING PRICE:**

- A. Seller instructs Broker to market the Property at the following gross sales price: \$ 1,300,000.00  
One million three hundred thousand (Listing Price).
- B. Seller agrees to sell the Property for the Listing Price or any other price acceptable to Seller. Seller will pay all typical closing costs charged to sellers of commercial real estate in Texas (seller's typical closing costs are those set forth in the commercial contract forms published by the Texas Association of REALTORS®) except N/A

**4. TERM:**

- A. This Listing begins on FEBRUARY 27, 2008 and ends at 11:59 p.m.  
on AUGUST 27, 2008
- B. If Seller enters into a binding written contract to sell the Property before the date this Listing begins and the contract is binding on the date this Listing begins, this Listing will not commence and will be void.

**5. BROKER'S FEE:**

- A. Fee: When earned and payable, Seller will pay Broker a fee of:

- (1) 5 % of the sales price.  
 (2) N/A

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- B. Earned: Broker's fee is earned when any one of the following occurs during this Listing:

- (1) Seller sells, exchanges, agrees to sell, or agrees to exchange all or part of the Property to anyone at any price on any terms;  
(2) Broker individually or in cooperation with another broker procures a buyer ready, willing, and able to buy all or part of the Property at the Listing Price or at any other price acceptable to Seller;  
(3) Seller grants or agrees to grant to another person an option to purchase all or part of the Property;  
(4) Seller transfers or agrees to transfer all or part of Seller's interest (stock or shares) in any entity that holds title to all or part of the Property for the purpose of conveying all or part of the Property to another person; or  
(5) Seller breaches this Listing.

- C. Payable: Once earned, Broker's fee is payable either during this Listing or after it ends at the earlier of:

- (1) the closing and funding of any sale or exchange of all or part of the Property;  
(2) Seller's refusal to sell the Property after Broker's Fee has been earned;  
(3) Seller's breach of this Listing; or  
(4) at such time as otherwise set forth in this Listing.

Broker's fee is not payable if a sale of the Property does not close or fund as a result of: (i) Seller's failure, without fault of Seller, to deliver to a buyer a deed or a title policy as required by the contract to sell; (ii) loss of ownership due to foreclosure or other legal proceeding; or (iii) Seller's failure to restore the Property, as a result of a casualty loss, to its previous condition by the closing date set forth in a contract for the sale of the Property.

**D. Other Fees:**

- (1) Lease of Property: If during this Listing, Broker procures a tenant to lease all or part of the Property and Seller agrees to lease all or part of the Property to the tenant, Seller will pay Broker at the time the lease is executed the fee described below. If, during the term of the lease, the tenant agrees to purchase all or part of the Property, Seller will pay Broker the fee specified in Paragraph 5A.

**EXHIBIT H**

Exhibit H provided  
in 11/2/13 transmission  
will provide email to  
trial.

**EXHIBIT I**

## Promissory Note

**\$ 250,000.00**

**FOR VALUE RECEIVED**, the undersigned, Thomas A Minor and William Parsons (the "Borrowers"), hereby acknowledges themselves indebted to Eloise Hahn (the "Lender") and promises to pay to or to the order of the Lender at 1631 S Clarence AVE Berwyn IL 60402 or as otherwise directed in writing by the Lender, the principal sum of **\$250,000.00 (Two Hundred Fifty Thousand Dollars)**.

The principal sum shall be due and payable as follows:

1. The entire principal sum shall be paid on a best efforts basis.

The Lender may assign all of its right, title and interest in, to and under this promissory note.

**DATED: September 17, 2009**

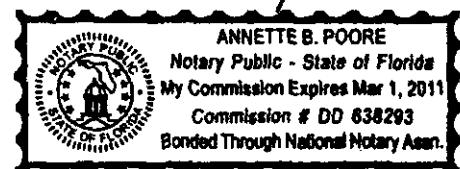
Thomas A Minor  
Thomas A Minor September 17, 2009

William Parsons  
William Parsons September 17, 2009

On 9/17/09 Alan Minor & Bill (William) Parsons who are personally known to me did sign.

Eloise Hahn  
Eloise Hahn

Annette B Poore  
Notary  
Commission Exp: 3/1/11



**EXHIBIT J**

WIN PAR HOSPITALITY, LLLP  
GENERAL LEDGER YTD  
December 31, 2008

		Debits	Credits	Ending Balance
Organizational Cost	00-1663	0.00	0.00	131,000.00
Franchise Fees	00-1740	0.00	0.00	25,000.00
Accounts Payable Bal Sheet	00-2100	0.00	0.00	(104,733.01)
Notes Payable - WINPAR LLLP	00-2620	0.00	0.00	(6,400.71)
Notes Payable - BILLCAPAR	00-2630	0.00	0.00	(3,300.00)
Loan-Randy Lohr	00-2640	0.00	0.00	(26,000.00)
Notes Payable-WPLEX	00-2645	0.00	0.00	(10,000.00)
NOTES PAYABLE-ATM	00-2675	0.00	0.00	(13,500.00)
Hahn-Capital Bal Sheet	00-2701	0.00	0.00	(71,696.78)
Retained Earnings	00-3300	0.00	0.00	67,491.75
Income Summary	00-3350	0.00	0.00	(12,138.75)
Current Earnings	00-3400	0.00	0.00	12,138.75
Total	(100...	0.00	0.00	(12,138.75)

## **ADDENDUM**

**Kevin L. Willis  
Attorney at Law  
2137 S. Euclid Ave., Ste. #3  
Berwyn, Illinois 60402  
(708)484-1000/484-1140 fax**

**February 6, 2006**

**Fax: 866-331-3568**

**Mr. T. Alan Minor**

**Re: Eloise Hahn – Laredo, TX Quality Inn**

**Dear Mr. Minor:**

**As you are aware, I am the attorney for Ms. Hahn. I have discussed the above investment with Ms. Hahn at great length. Ms. Hahn has instructed me to inform you that she is no longer interested in the Laredo, TX property.**

**Thank you for your consideration.**

**Yours truly,**



**Kevin L. Willis  
KLW/dkd**

*Note: minor threatened to sue  
me if I would not send  
the cash. He did so since  
he withdrew a lot of his capital  
contribution (\$130,000) upon receipt  
of my deposit.*



Dcmmtg@cs.com  
03/06/2006 12:54 PM  
History:  This message has been replied to.

To

Subject Process

Ellie,

When you execute the agreement, Bills attorney will update the LLC and all papers will be signed and notarized. Once you have your paperwork you will need to overnight a check to:

**Wilfredo (Willie) Martinez, Jr. Vice- President  
International Bank of Commerce  
1200 San Bernardo Ave.  
PO Drawer 1359  
Laredo, TX 78042-1359  
Ph. 956-722-7611 Ext. 26356**

For Credit to:

**Winpar Hospitality Laredo LLC  
Routing Number: 114902528  
Account Number: 6001323623**

T. Alan Minor  
President  
Commercial Services  
Diversified Commercial Mortgage  
(P) 804-423-6412  
(P) 866-562-2147  
(F) 866-331-3568

## Confirmation Report – Memory Send

Page : 001  
Date & Time: Mar-30-06 12:02pm  
Line 1 : +13128864235  
Machine ID : US EPA

Job number	:	896
Date	:	Mar-30 12:01pm
To	:	913124543856
Number of pages	:	001
Start time	:	Mar-30 12:01pm
End time	:	Mar-30 12:02pm
Pages sent	:	001
Status	:	OK
Job number	:	896

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**MEMORANDUM**

**TO:** James Abraham via facsimile (312) 454-3856  
Vice President of Investments  
Stifel, Nicolaus

**FROM:** Eloise Hahn *Eloise Hahn*

**RE:** Account No. 31348898

Please wire \$220,700 of monetary funds to:

International Bank of Commerce  
1200 San Bernardo Ave  
Laredo, TX 78042  
Ph. 956-722-7611

The money should be credited to Winpar Hospitality Laredo LLC.

Routing #1140902528  
Account # 6001323623

Please email me receipt that this was done today. My email address is: [hahn.eloise@epa.gov](mailto:hahn.eloise@epa.gov)  
I would also appreciate if you email my business partner Alan Minor a copy of receipt as well.  
His email address is: [Dommtg@cs.com](mailto:Dommtg@cs.com). Thank you very kindly.

CERTIFICATE

Issued to BURKE FINANCIAL, LLC

Dated APRIL 10

1

ORGANIZED UNDER THE LAWS OF  
THE STATE OF FLORIDA

18.2  
UNITS

Membership Certificate

WinPar Hospitality Laredo, LLC

A LIMITED LIABILITY COMPANY  
BURKE FINANCIAL, LLC

of  
18.2 of 100

Authorized

One of the above Limited Liability Company is the owner

transferred only on the words of the London Laundry Company by the holder hereof to be kept in his duly authorized attorney upon surrender of this Certificate properly endorsed, and is entitled to the full benefits and privileges of such membership subject to the duties and obligations as more fully set forth in the Company's Articles of Organization/By-Laws. I. D. 14. C. 11.

undertakings, as more fully set forth in the Company's Articles of Organization, Operating Agreements, Regulations for this Limited Liability Company. Examples of these Units include, but are not limited to, contributions in the form of the Limited Partnership Agreement.

In **William Herbert, The said Limited Liability Company has caused this Certificate to be executed**  
**by its duly authorized Member(s) Manager(s) and its Limited Liability Company Seal to be affixed**

afford this \_\_\_\_\_ 10TH day of APRIL 2006

WILLIAM R. PARSONS, MANAGEMENT  
CONSULTANT  
MEMBER

## MEMBER

卷之三

Great Lakes Program Service Center  
600 West Madison Street  
Chicago, Illinois 60661-2474  
Date: September 18, 2010  
Claim Number: 322-46-4890HA

000007 MCSM74 N4 3.100

LOUISE HAHN FOR  
ELOISE K HAHN  
313 E 1300 N  
CHESTERTON, IN 46304-9612

ELOISE K HAHN is entitled to monthly disability benefits beginning December 2010.

We have chosen you to be her representative payee. Therefore, you will receive her checks and use the money for her needs.

#### **The Date You Became Disabled**

We found that ELOISE K HAHN became disabled under our rules on June 23, 2010. This is different from the date given on the application.

Also, she has to be disabled for 5 full calendar months in a row before she can be entitled to benefits. For these reasons, her first month of entitlement to benefits is December 2010.

#### **What We Will Pay And When**

- You will receive \$1,887.00 for December 2010 around January 12, 2011.
- After that you will receive \$1,887.00 on or about the second Wednesday of each month.
- These and any future payments will go to the financial institution you selected. Please let us know if you change your mailing address, so we can send you letters directly.

The day we make payments on this record is based on ELOISE K HAHN's date of birth.

No payment is due at this time because of adjustments made to his benefits.

Enclosure(s):

Pub 05-10076

Pub 05-10153

Pub 05-10058

2. A medical condition that is defined as a disease or injury.
3. The relationship between your service deficiency and your medical condition(s) must show that your medical condition caused your service deficiency.
4. Your disabling medical condition is expected to continue for at least one year from the date you filed your application for disability retirement.
5. Your inability to render useful and efficient service began while serving under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement system (FERS)
6. Your employing agency was unable to make reasonable accommodation for your medical condition.
7. You did not decline an offer of reassignment to a vacant position within your employing agency and commuting area at the same grade or pay level and tenure for which you are qualified.

Our discussion will explain why you did not meet the criteria for disability retirement.

### DISCUSSION

You reported you were unable to perform as an Environmental Engineer since May 2007, because of Bipolar illness.

Your supervisor reported your performance became unacceptable on May 17, 2007, but your medical records do not support that your condition had worsened and precluded you from performing useful and efficient service prior to your resignation in July 2008.

In a psychiatric evaluation on August 26, 2010, Dr. Anand Popli reported you were seen by Dr. Sheldon Greenberg, psychiatrist and your medications were prescribed by Dr. David Edelberg, family physician. He noted that your mental status examination was positive for increased psychomotor agitation, tense mood, and affect, hypomanic; but the remainder of your examination was normal. His diagnosis is Bipolar disorder, hypomanic. However, we do not have medical reports from your treating physicians prior to 2010.

Dr. Popli indicated your initial treatment plan would be to fill out a mood disorder questionnaire, and Bipolar Spectrum Scale, and medication log. He made suggestions for medication changes and possibly adding some medications but you were not in agreement to adding certain medication. Dr. Popli reported that your condition was guarded.

In September 2010, Dr. Popli reported you had a difficult time concentrating due to flight of ideation and your impaired mood state, during his initial evaluation in August 2010. He noted consistent with Bipolar Disorder in which he witnessed during your



## SOUTHERN SURPRISES

10 south suburban restaurants that satisfy dining



# Chicago Tribune

QUESTIONS? CALL 1-800-TRIBUNE

THURSDAY, OCTOBER 24, 2013

BREAKING NEWS AT CHICAGOTRIBUNE.COM

## After 7 years, fraud victims await justice

Bilked investors see little relief, but con man free

BY JASON MEISNER  
Tribune reporter

learned it was a scam, her money was gone. Now, more than seven years after federal authorities charged the con artist who ripped off her and thousands of others across the country, Fraley survives on Social Security and her late husband's modest pension. She feels she's still waiting for justice to be done.

Myra Jo Fraley was looking for a little cushion for retirement when she invested in what



119.99-129.99

60% + 10% OFF

Our 174.99 Single-Serve Beverage  
Charter Club12.99  
THE DAY  
PER DAY  
PC, SET

# Frustrated fraud victims not repaid

Continued from Page 1

an estimated \$340 million.

After Kelly's arrest, authorities embarked on an extraordinary effort to repay the mostly elderly victims as much money as possible by selling off tens of millions of dollars worth of real estate, a corporate plane, luxury cars, nightclubs and other holdings in his vast portfolio that stretched from the trendiest sections of Mexico to the beaches of Panama City.

But what investigators found was a tangle of properties in various stages of completion, often encumbered by foreign laws and devoured by the worldwide recession that devastated the luxury travel and real estate markets. Many have wound up being unloaded for far less than initially expected — at a painstakingly slow pace.

Earlier this month, with attorney and consulting fees stemming from the sales continuing to mount, victims were notified the process could last well into next year and that they will likely get less than one-fifth of their investments back.

Adding to investors' frustration is what some view as lenient treatment doled out to Kelly, 64, who is sick with



AVANTI PHOTO

Since his release from the Metropolitan Correctional Center in December, Kelly has been staying in a modest, ranch-style house off a rural road near Potato Creek State Park in northern Indiana, not far from his hometown of Lakeville where he began building his investment empire two decades ago.

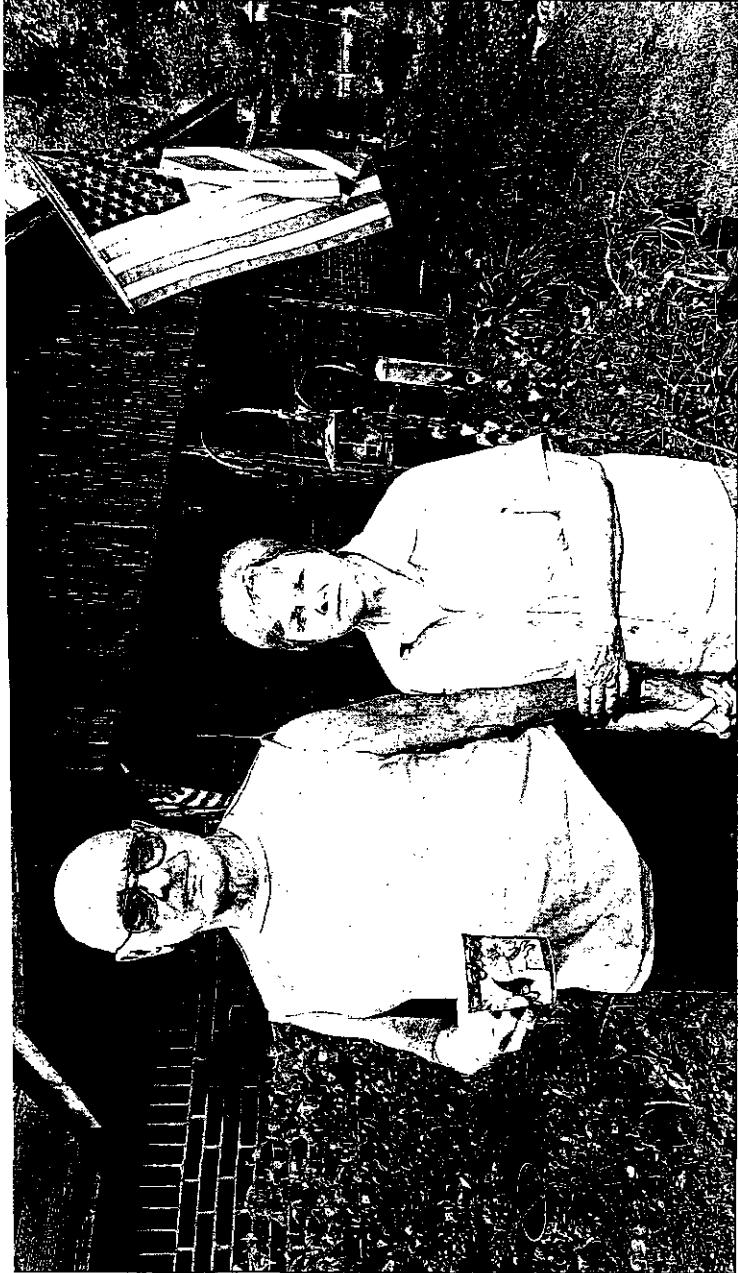
On a recent afternoon, a frail-looking Kelly answered the door for a Tribune reporter but declined to comment. Half-depleted balloons from his grandson's birthday party still hung in the dining room.

As a younger man, Kelly had a passion for the auto industry and made a name for himself in the 1980s by rescuing from bankruptcy the famed Avanti Motor Corp., the heir of the Studebaker line.

He updated the company's iconic sedan and opened a new assembly line in Ohio, but the operation never fully got off the ground. Later he moved Avanti to Mexico, funding it in part with ill-gotten gains from his real estate scheme, prosecutors allege.

But it was as a salesman that Kelly made his mark. To finance his developments, he created a scheme of "universal leases," paying exorbitant commissions to a nationwide network of brokers who conned investors into buying 25-year leases on a hotel room for one week each year. Investors could use the room for themselves, lease it to someone else or use another company — secretly controlled by Kelly — to lease the rooms at guaranteed annual returns as high as 11 percent. Virtually every investor chose the third option.

For most of the scheme, victims were friendl



CHRIS TODD/PHOTO FOR THE TRIBUNE  
Wayne and Winky Touchstone, who live near Laurel, Miss., say they lost \$460,000, most of their retirement savings, in an investment fraud scheme involving Michael Kelly. Efforts to sell Kelly's property and repay victims have been difficult.

## ***"This has gone on long enough and I do not believe that he deserves one iota of consideration."***

— Myra Jo Fraley, about restitution for money scammed by Michael Kelly, who got out of prison early because he is ill

ing already spent six years in federal custody awaiting trial. U.S. District Judge Ronald Guzman allowed him to post bond on the remaining counts and live temporarily in his wife's Indiana home while he undergoes chemotherapy.

Initially scheduled to last a few months, the bond was extended indefinitely over the summer. At a hearing this month, prosecutors told the judge they were close to resolving the case, indicating another guilty plea to additional charges could be in the works.

Prosecutors say the effort to recoup the victims' money has been unprecedented and that even 20 percent would be far beyond the typical amount recovered in a fraud case. And the plea deal was the only way to ensure restitution for victims given Kelly's ill health.

Still, while all this has unfolded, the patience of many of Kelly's victims has worn thin. A number of investors have died waiting for a resolution, leaving heirs to take up their cause. Others have written to the court alleging that those in charge of selling Kelly's assets and cutting checks to victims have dragged their feet to allow huge fees to pile up. Some believe Kelly should remain behind bars in spite of his illness.

"I for one just wish they would sell all his holdings for the best price and send us as much as they can before we all die," Fraley said in a handwritten letter to the court earlier this year. "This has gone on long enough and I do not believe that he deserves one iota of consideration."

## **Unconventional fraud**

from Laurel, Miss., who invested in a time share in the late 1990s at the recommendation of his financial planner and lost more than \$460,000 of his retirement savings to Kelly's scheme, said he and his wife had planned to travel and enjoy a hard-earned early retirement. Now he keeps tabs on Kelly's case via the website set up for victims as well as mailings from the court. Every time he sees more cash going to lawyers, his blood boils.

"They show you there is money pending, then it disappears as best we can from its work. Another law firm has a team of attorneys and the lawyer in charge of the

tins who had to be vetted first to make sure they were legitimately owed money and how much. Doetsch told the Tribune he sympathizes with the victims' frustrations and is committed to finishing the sell-off of assets as quickly as possible.

"I want to put myself out of business," he said.

Meanwhile, Guzman has

agreed to raise attorneys fees for Doetsch's law firm, Mayer Brown, to \$538 an hour from \$465 an hour for its work. Another law firm

has a team of attorneys and the lawyer in charge of the

downtown Panama City. Despite its prime location, the luxury hotel is beset with massive liens and tax issues that are a huge red flag to investors.

Recently, an offer for the Panama hotel came in for \$4 million, but after all the encumbrances are resolved and legal fees and closing costs are paid, less than \$400,000 is expected to be left to put into the fund for Kelly's victims.

"We are extricating our-

selves as best we can from it," Douglas Doetsch, the lawyer in charge of the

leave nothing to salvage after their inevitable collapse. But after Kelly's team imploded, authorities found — with Kelly's cooperation — a horde of real estate and other assets, from hotels already up and running to massive residential developments in the midst of construction.

"In nearly four decades of practicing (law), I have never seen a scheme to defraud where the defendant actually invested hundreds of millions into valuable property," said Kelly's attorney, Jeffrey Steinback. "In his mind, there was an exit strategy where he could possibly settle with everyone and get out. ... It was a very unconventional fraud.

The crown jewel of Kelly's portfolio was Puerto Cancun, a sumptuous, 800-acre development on the ocean featuring luxury homes set on private canals, a golf resort, a hotel, a marina and condominiums. After others had failed, Kelly took over the project more than a decade ago,

greased with bribes. Kelly's arrest had also made news in Mexico, scaring many potential buyers away. Even weather played a factor. Investors were still skittish over the possibility of another hurricane after Wilma devastated Cancun in 2005.

When a buyer finally came forward in 2011, victims were notified that a sale was imminent and given a chance to voice their approval or not. One victim, Charles Thompson, sent an email imploring authorities to "get this show on the road."

"My GOD how long is this gonna take???" he wrote.

Puerto Cancun was finally sold last year for about \$50 million after expenses, but other properties have been even more difficult to unload. On a recent morning at the Dirksen U.S. Courthouse in Chicago, attorneys updated the judge on the latest Kelly asset to hit the blocks — a 137-room hotel just off the beach in

cutting checks to victims. And there have been myriad agreements being reached for Kelly's other assets. Last month, the judge approved orders to sell two of Kelly's beachfront mansions in Cancun to developers for a combined \$3.65 million, as well as a cruising yacht named *C'est la Vie* for an additional \$105,000.

Lawyers told the judge they hoped an old health club Kelly had owned in town would fetch more than \$1 million despite its decayed condition.

"It's an unhealthy health club, you're telling me?" Guzman quipped.

### Lawyer fees rise, his blood boils

"My GOD how long is this gonna take???" he wrote.

Four years have passed since Guzman appointed Doetsch — known in legal circles as a guru of Latin American corporate deals — as "special master" of the Kelly sales. Last year, \$50 million was disbursed to thousands of eligible vic-

that," Touchstone said. The stories told by the victims are often similar. Many came from modest backgrounds. They were sewer installers, factory workers, teachers and state employees. They lost money they had worked all their lives to save and have been forced to give up long-laid plans for retirement.

Others, like Alice Kopacek of tiny Olivia, Minn., have been left in even more dire straits. "We have a two-month (overdue) gas bill, a two-month telephone bill, a two-month television bill, and everything is going to get shut off here," Kopacek, 75, wrote to the court in 2011. "Is there any way we can find out when we'll be getting some money?"

Her husband, Ken, told the Tribune that debt collectors have been hounding him after a recent surgery left him with a mountain of debt.

“We were really relying on that money to pay bills,” he said.

by FBI agents shortly before Christmas 2006 while being treated for heart trouble at a clinic in Jacksonville, Fla.

The next year, more than a dozen brokers used by Kelly to sell his leases were sued for fraud for allegedly collecting huge, undisclosed commissions totaling more than \$72 million. The victims who spoke to the Tribune said they still have a hard time believing they were duped. Fraley, the Tennessee great-grandmother, said she was particularly embarrassed given her long career in finance. She was well aware of schemes targeting the elderly, but when her relative came to her with the pitch from a Kelly associate, it sounded plausible.

"I went through all of it,

and it seemed like a good deal," Fraley said. "I wouldn't have done it if it didn't look right."

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Ellie,

Please handle with discretion as Eric knows nothing about our arrangement or Laredo, he is the Title Attorney for the lender on Paducah....Thanks

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The title commitment for Paducah will be in by Wednesday of next week. It won't take us but a day or two to clear this commitment. If you have any questions, please feel free to contact me. I just got off the phone with our underwriters VP of underwriting and that is a valid timeline.

Regards,

Eric Clayman, Esq.

*The Law Office of Eric H. Clayman, P.A.**RBC Title & Escrow Services, L.L.P.*

8184 Wiles Road

Coral Springs, FL.. 33067

Office: (954) 332-2050

Fax: (954) 332-2051

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Thanks for the update. Looks like things will begin to gel. Keep me posted. Thanks.

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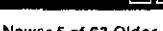
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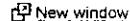
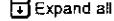
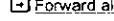
• Eloise Hahn If Peter or his daughter Eleni call you do not breathe a word. 8:43 AM (2 hours ago)

Dcmmtg@cs.com I will only take a call from your number... T. Alan 8:48 AM (2 hours ago)

Dcmmtg@cs.com to me  8:52 AM (2 hours ago)  

I spoke with the Title attorney and found out what's taking so long. The title company has very little underwriting staff left so when they get a big project they can only put 1 person on it and it just takes them longer. They have been hit by the economy too, they had to layoff most of their underwriters due to lack of work.

T. Alan Minor  
President  
Commercial Services  
Diversified Commercial Mortgage  
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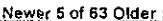
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**FLORIDA**

Carrie Lee's Coffee & Tea Company  
3550 N. Atlantic Ave.  
Cocoa Beach, FL 32931  
Phone: 321-323-5000  
Fax: 321-783-0980

La Quinta Inn-Cocoa Beach  
128 rooms  
1275 N. Atlantic Ave. *Parson*  
Cocoa Beach, FL 32931 *Downs*  
Phone: 321-783-2252  
Fax: 321-323-5045

**Wakulla Suites**

121 rooms  
3550 N. Atlantic Ave. *Parson*  
Cocoa Beach, FL 32931 *Downs*  
Phone: 321-783-2230  
Fax: 321-783-0980

**INDIANA**

61 rooms  
Sleep Inn-Ft. Wayne  
2881 E. Dupont Rd  
Ft Wayne, IN 46825-1668  
Phone: 260-490-8989  
Fax: 260-490-8848

**MICHIGAN**

Carrie Lee's Coffee & Tea Company  
407 N. State Street  
Big Rapids, MI  
Phone: 231-796-3411  
Fax: 231-796-3446

**NORTH CAROLINA**

167 rooms  
Quality Inn & Suites/Best Value Inn  
(currently being renovated)  
7067 Albert Pick Rd.  
Greensboro, NC 27409  
Phone: 336-668-3900  
Fax: 336-668-7012

**OHIO**

Holiday Inn Express  
55 rooms  
13300 Reynoldsburg-Baltimore Rd.  
Pickerington, OH 43147  
Phone: 614-575-9900  
Fax: 614-575-9909

**Ramada Plaza**

255 rooms  
13,000 sq. foot banquet space  
Restaurant & bar  
11911 Sheraton Lane  
Cincinnati, OH 45246  
Phone: 513-671-6600  
Fax: 513-671-0507

**NEW YORK**

Best Western/Norstar  
77 rooms  
4630 Genesee St.  
Buffalo, NY 14225  
Phone: 716-631-8966

**Best Western/Crown Inn & Suites**

71 rooms  
8210 Park Rd.  
Batavia, NY 14020  
Phone: 585-344-8882  
Fax: 585-344-7187

**PENNSYLVANIA**

Best Western  
58 rooms  
79 Old Valley School Rd.  
Danville, PA 17821  
Phone: 570-275-5750  
Fax: 570-275-9310

**TEXAS**

La Quinta Inn and Suites-New Braunfels  
74 rooms  
365 S. Hwy 46  
New Braunfels, TX 78130  
Phone: 830-627-3333  
Fax: 830-627-3336

Microtel Inn and Suites  
85 rooms  
1025 S. Frio St.  
San Antonio, TX 78207  
Phone: 210-226-8666  
Fax: 210-226-4440

O'Brien Historic Hotel  
39 rooms  
116 Navarro St.  
San Antonio, TX 78205  
Phone: 210-527-1111  
Fax: 210-527-1112

**Under construction**

109.  
1-800-753-3757, La Quinta.  
San Antonio, TX  
La Quinta Inn & Suites  
91 Rooms  
92 rooms  
Utex rd  
-Completed

San Antonio, TX  
Comfort Suites  
59 Rooms  
I-35 North  
877-424-6423, comfort suites  
Burnie, TX  
La Quinta  
74 rooms Not completed.  
281 North

\*WinPar LLC is the development company  
for Bill Parsons

Final analysis  
San Antonio, TX  
La Quinta Inn & Suites  
92 rooms - completed  
1-800-753-3757

800-230-4134, Embassy  
**Under Development\***

NC  
Chattanooga, TN  
Cameron Square  
Riverfront Development  
Condominium and Embassy Suites

Laredo, TX  
Quality Suites  
85 Rooms  
Airport

Lexington, NC  
La Quinta Inn & Suites  
80 rooms  
Childress Vineyards

Richmond VA  
La Quinta Inn & Suites  
84 Rooms  
Airport 9040 Pans Av  
Completed

Evansville, IN  
The Atrium  
22 Condominiums  
7th street

Brick Barrell  
I-35 6350 I-35 North  
210-646-6600 Not 24  
210-656-4600

San Antonio, TX

Comfort Suites  
11526 I-35 North  
I-35 North

210-656-4600

Completed

Eloise Hahn/R5/USEPA/US  
07/25/2007 05:06 PM  
To Dcmmtg@cs.com  
cc  
bcc  
Subject Re: Laredo Project

Yes, proceed and advise me when I will get the \$250,000. I will send you wiring instructions for UBS not Stifel.

Dcmmtg@cs.com

  
Dcmmtg@cs.com  
07/19/2007 07:31 AM  
To  
Subject Re: Laredo Project

Traveling for work, not vacation. Call me on my cell phone -- 804-677-5923. We have been offered \$1,100,000.00 for the 3 lots in Laredo. That would pay you \$250,000.00 after the land loan is paid. Do you think we should pursue this option?

Thanks

T. Alan Minor  
President  
Commercial Services  
Diversified Commercial Mortgage  
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